

**State:** District of Columbia **Filing Company:** American Family Life Assurance Company of Columbus

**TOI/Sub-TOI:** MS02I Individual Medicare Supplement - Pre-Standardized/MS02I.000 Medicare Supplement - Pre-Standardized

**Product Name:** 2014 Medicare Supplement Rate Filing - Pre-standardized Plans

**Project Name/Number:** 2014 Medicare Supplement Rate Filing - Pre-standardized Plans/2014 Medicare Supplement Rate Filing - Pre-standardized

## Filing at a Glance

Company: American Family Life Assurance Company of Columbus

Product Name: 2014 Medicare Supplement Rate Filing - Pre-standardized Plans

State: District of Columbia

TOI: MS02I Individual Medicare Supplement - Pre-Standardized

Sub-TOI: MS02I.000 Medicare Supplement - Pre-Standardized

Filing Type: Rate

Date Submitted: 11/21/2013

SERFF Tr Num: AFLA-129295998

SERFF Status: Assigned

State Tr Num:

State Status:

Co Tr Num: DC14A19000RATE

Implementation: On Approval

Date Requested:

Author(s): Kimberly Clevenger, Chad Oyster, Angela Baird

Reviewer(s): Donghan Xu (primary), Alula Selassie

Disposition Date:

Disposition Status:

Implementation Date:

State Filing Description:

**State:** District of Columbia **Filing Company:** American Family Life Assurance Company of Columbus

**TOI/Sub-TOI:** MS021 Individual Medicare Supplement - Pre-Standardized/MS021.000 Medicare Supplement - Pre-Standardized

**Product Name:** 2014 Medicare Supplement Rate Filing - Pre-standardized Plans

**Project Name/Number:** 2014 Medicare Supplement Rate Filing - Pre-standardized Plans/2014 Medicare Supplement Rate Filing - Pre-standardized

## General Information

Project Name: 2014 Medicare Supplement Rate Filing - Pre-standardized Plans Status of Filing in Domicile: Authorized

Project Number: 2014 Medicare Supplement Rate Filing - Pre-standardized Plans Date Approved in Domicile: 11/18/2013

Requested Filing Mode: Review & Approval

Domicile Status Comments:

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Individual Market Type:

Overall Rate Impact: 5%

Filing Status Changed: 11/25/2013

State Status Changed:

Deemer Date:

Created By: Angela Baird

Submitted By: Angela Baird

Corresponding Filing Tracking Number:

Filing Description:

RE: Actuarial Memorandum for Medicare Supplement Policies Individual Pre-standardized Plans

This submission constitutes a request for a rate increase on policy forms that provide benefits to supplement Medicare for Parts A and B. Enclosed are actuarial memorandums providing the necessary information for justifying the request. This submission is also being made to comply with the annual rate filing requirement.

Upon approval, the new rates referenced above will be implemented on July 1, 2014.

In addition to justification for the rate increase, each Actuarial Memorandum provides the policy form involved and the policy approval date. The overall premium impact of the filing on District of Columbia's policyholders has been \$217.00 for two policyholders since July 1, 2013.

This submission contains an actuarial memorandum for the Individual Pre-standardized plans and the appropriate certification forms.

Current policyholders will receive notification of this rate increase at least 30 days prior to the billing date that will reflect this rate increase.

This filing was prepared by Angela Baird. Should you have any questions or comments concerning this submission, please do not hesitate to contact her by calling collect at (706) 243-5465, by fax at (706) 660-7080 or email at [abaird@aflac.com](mailto:abaird@aflac.com).

## Company and Contact

### Filing Contact Information

Angela Baird, Compliance Policy Filing

[abaird@aflac.com](mailto:abaird@aflac.com)

Analyst

1932 Wynnton Road

706-243-5465 [Phone] 5465 [Ext]

Columbus, GA 31999

706-660-7080 [FAX]

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<b>State:</b>	District of Columbia	<b>Filing Company:</b>	American Family Life Assurance Company of Columbus
<b>TOI/Sub-TOI:</b>	MS02I Individual Medicare Supplement - Pre-Standardized/MS02I.000 Medicare Supplement - Pre-Standardized		
<b>Product Name:</b>	2014 Medicare Supplement Rate Filing - Pre-standardized Plans		
<b>Project Name/Number:</b>	2014 Medicare Supplement Rate Filing - Pre-standardized Plans/2014 Medicare Supplement Rate Filing - Pre-standardized Plans		
<b>Filing Company Information</b>			
American Family Life Assurance Company of Columbus	CoCode: 60380	State of Domicile: Nebraska	
1932 Wynnton Road	Group Code: 370	Company Type: Life and Health	
Columbus, GA 31999	Group Name:	State ID Number:	
(706) 323-3431 ext. [Phone]	FEIN Number: 58-0663085		

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## Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	American Family Life Assurance Company of Columbus
<b>TOI/Sub-TOI:</b>	MS021 Individual Medicare Supplement - Pre-Standardized/MS021.000 Medicare Supplement - Pre-Standardized		
<b>Product Name:</b>	2014 Medicare Supplement Rate Filing - Pre-standardized Plans		
<b>Project Name/Number:</b>	2014 Medicare Supplement Rate Filing - Pre-standardized Plans/2014 Medicare Supplement Rate Filing - Pre-standardized Plans		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	SERFF
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	5.000%
<b>Effective Date of Last Rate Revision:</b>	07/01/2013
<b>Filing Method of Last Filing:</b>	SERFF

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
American Family Life Assurance Company of Columbus	5.000%	5.000%	\$217	2	\$4,347	5.000%	5.000%

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	American Family Life Assurance Company of Columbus
<b>TOI/Sub-TOI:</b>	MS021 Individual Medicare Supplement - Pre-Standardized/MS021.000 Medicare Supplement - Pre-Standardized		
<b>Product Name:</b>	2014 Medicare Supplement Rate Filing - Pre-standardized Plans		
<b>Project Name/Number:</b>	2014 Medicare Supplement Rate Filing - Pre-standardized Plans/2014 Medicare Supplement Rate Filing - Pre-standardized Plans		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Cover Letter All Filings
<b>Comments:</b>	
<b>Attachment(s):</b>	DC Cover Letter A-19000 Rerates.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Certificate of Authority to File
<b>Bypass Reason:</b>	N/A
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	Washington D.C. 2014 MS Actuarial Memorandum - Pre60.pdf Washington D.C. 2014 MS Actuarial Memorandum - Pre60 Rates.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Justification
<b>Comments:</b>	Please refer to the attachments under "Actuarial Memorandum".
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	Not P&C related.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	Not P&C related.
<b>Attachment(s):</b>	
<b>Item Status:</b>	

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	American Family Life Assurance Company of Columbus
<b>TOI/Sub-TOI:</b>	MS021 Individual Medicare Supplement - Pre-Standardized/MS021.000 Medicare Supplement - Pre-Standardized		
<b>Product Name:</b>	2014 Medicare Supplement Rate Filing - Pre-standardized Plans		
<b>Project Name/Number:</b>	2014 Medicare Supplement Rate Filing - Pre-standardized Plans/2014 Medicare Supplement Rate Filing - Pre-standardized Plans		

<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Actuarial Memorandum and Certifications
<b>Bypass Reason:</b>	N/A to this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Bypassed - Item:</b>	Unified Rate Review Template
<b>Bypass Reason:</b>	N/A to this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	
<b>Satisfied - Item:</b>	Confidential / Trade Secret Information
<b>Comments:</b>	
<b>Attachment(s):</b>	Washington D.C. 2014 MS Actuarial Memorandum - Pre60 (TS).pdf
<b>Item Status:</b>	
<b>Status Date:</b>	



*Rita S. Golden, HIA, AIRC, ACS, MHP  
Director, Regulatory Compliance  
Compliance Department*

November 21, 2013

NAIC #60380

The Department of Insurance, Securities & Banking  
Products Analysis Division  
810 First Street, NE, Suite 701  
Washington, DC 20002

**RE: Actuarial Memorandum for Medicare Supplement Policies Individual  
Pre-standardized Plans**

Company Filing #DC14A19000RATE

This submission constitutes a request for a rate increase on policy forms that provide benefits to supplement Medicare for Parts A and B. Enclosed are actuarial memorandums providing the necessary information for justifying the request. This submission is also being made to comply with the annual rate filing requirement.

Upon approval, the new rates referenced above will be implemented on July 1, 2014.

In addition to justification for the rate increase, each Actuarial Memorandum provides the policy form involved and the policy approval date. The overall premium impact of the filing on District of Columbia's policyholders has been \$217.00 for two policyholders since July 1, 2013.

This submission contains an actuarial memorandum for the Individual Pre-standardized plans and the appropriate certification forms.

Current policyholders will receive notification of this rate increase at least 30 days prior to the billing date that will reflect this rate increase.

This filing was prepared by Angela Baird. Should you have any questions or comments concerning this submission, please do not hesitate to contact her by calling collect at (706) 243-5465, by fax at (706) 660-7080 or email at [abaird@aflac.com](mailto:abaird@aflac.com).

Sincerely,

Rita Golden  
RG/ab

**American Family Life Assurance Company of Columbus (Aflac)**  
**Pre-Standardized Medicare Supplement Insurance**  
**Actuarial Memorandum**  
**Washington D.C.**

**Purpose of the Filing:**

This filing has been prepared to request approval for the proposed changes to the rates and to comply with annual filing requirements. The premiums are being revised as a result of changes in cost levels and changes in the Medicare program. The policy forms subject to the proposed rate revisions and the amounts of the proposed rate revisions are listed in the **Forms Summary/Proposed Rate Revision Exhibit**. These forms were issued with a **60% Lifetime Loss Ratio Requirement** prior to 11/06/1991.

**General Description:**

<b>Issuer Name:</b>	American Family Life Assurance Company of Columbus (Aflac)
<b>Form Number:</b>	The policy form numbers are listed in the exhibit labeled <b>Forms Summary/Proposed Rate Revision Exhibit</b> .
<b>Type of Policy:</b>	<b>Pre-Standardized</b> Medicare Supplement <b>Individual</b> coverage.
<b>Benefit Description:</b>	These policy forms provide <b>benefits which supplement Medicare</b> and are in compliance with the NAIC guidelines. A benefit description is contained in the exhibit labeled <b>Benefits Summary</b> .
<b>Renewal Provision:</b>	The policy forms in this block are <b>guaranteed renewable</b> .
<b>Marketing Approach:</b>	These policy forms were marketed by Agents and by Brokers. They are no longer sold.
<b>Issue Age Limits:</b>	These policy forms were issued to all individuals age 65+ who were eligible for Medicare and if applicable, to disabled individuals age 64 and below.
<b>Premium Basis:</b>	The premiums for these policies are <b>issue age</b> rated.
<b>Actuarial Certification:</b>	Certification of a qualified actuary is attached.
<b>Target Loss Ratio:</b>	The originally filed and target lifetime loss ratio is 60%.
<b>Open or Closed Block:</b>	All policy forms have been withdrawn from sale.

**Methodology and Assumptions used to Determine the Rates:**

**Methodology:**

To increase statistical credibility, we used nationwide experience and combined all plans. Revised premiums were then calculated using a combination of rerating models and actuarial judgement. The resulting premiums were then tested to assure that both lifetime and future anticipated loss ratios meet minimum standards.



**Assumptions:**

- Claim Costs:** Claim costs were based on recent Company experience. In projecting future premiums and claims for calendar years 2015 and later, it was assumed that premiums and claims would both increase at the rate of 5.0% per year.
- Trend:** Trend factors to update claim costs from 2013 to 2014 were based on recent company experience, input from CMS, 2013 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, input from consultants, and judgement.
- Persistency:** Persistency is based on recent Company experience.
- Interest:** The interest rate used for accumulating past experience and discounting future experience is 5%.

**Rate Sheets:**

The **Premium Rates Exhibit** contains a set of proposed rates.

**Rate History:**

A history of **rate revisions** applicable to policyholders for each form in this state is shown in the **Rate Revisions Exhibit**.

**Inforce Counts:**

Inforce counts for this state and the nation are shown in the **Inforce Exhibit**.

**Data Requirements:**

Historical experience is provided on both a nationwide as well as a state-specific basis, if state experience is available. The **Experience Exhibit** contains historical experience.

**Loss Ratio Demonstration:**

A Loss Ratio Demonstration is included in the **Loss Ratio Exhibit**. The demonstration includes both the Lifetime and Future Anticipated Loss Ratios for those forms with similar loss ratio requirements. Projections of Earned Premiums and Incurred Claims have been provided with all plans combined in order to increase statistical credibility.

## Actuarial Certification

**Company:** American Family Life Assurance Company of Columbus (Aflac)

**Rate Submission:** 2014 Pre-Standardized Medicare Supplement Annual Rate Filing and Premium Increase Filing

The anticipated loss ratios for these policies are at least 60% and to the best of my knowledge and belief, the benefits provided are reasonable to the premium charged, and in my opinion, the rates are not excessive, inadequate or unfairly discriminatory.



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Penny Way-Wells, FSA, MAAA  
Senior Manager, Rerating

11/11/2013

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Date

**American Family Life Assurance Company of Columbus (Aflac)**  
**Pre-Standardized Medicare Supplement Insurance**  
**60% Loss Ratio Requirement Forms Summary**  
**Inforce Policies Issued Prior to 11/06/1991**  
**Washington D.C.**

<u>Policy Form</u>	<u>Type</u>	<u>Approval Date of Original Form</u>	<u>Proposed Increase</u>
A-19000-12	Base	3/19/1990	5.0%
A-19050-DC	Rider		5.0%
A-19053-DC	Rider		5.0%

**American Family Life Assurance Company of Columbus (Aflac)**  
**Pre-Standardized Medicare Supplement Insurance**  
**Inforce Policy Count & Annualized Premium by Series**  
**Inforce Policies Issued Prior to 11/06/1991**  
**As of 06/30/2013**

**Washington D.C.**

<u>Policy Form</u>	<u>Annualized Premium</u>	<u>Policy Count</u>	<u>Average Annual Premium</u>
A-19000 et al.	\$ 4,347	2	\$ 2,174

**Nationwide**

<u>Policy Form</u>	<u>Annualized Premium</u>	<u>Policy Count</u>	<u>Average Annual Premium</u>
A-19000 et al.	\$ 3,596,736	1,060	\$ 3,393
A-19200 et al.	1,806,618	513	3,522
A-19700 et al.	160,496	80	2,006
A-19800 et al.	711,114	199	3,573

**American Family Life Assurance Company of Columbus (Aflac)**  
**Pre-Standardized Medicare Supplement Insurance**  
**60% Loss Ratio Requirement Forms Summary**  
**Summary of Rate Revisions**  
**Washington D.C.**

Historical Rate Revision

Calendar <u>Year</u>	Aggregate Rate <u>Revision</u>
1989	0.00
1990	0.00
1991	0.00
1992	0.00
1993	0.00
1994	0.00
1995	0.00
1996	7.40
1997	10.00
1998	8.40
1999	29.00
2000	9.00
2001	12.00
2002	8.00
2003	9.50
2004	6.00
2005	0.00
2006	0.00
2007	0.00
2008	7.50
2009	4.50
2010	5.00
2011	3.00
2012	5.00
2013	5.00

Calendar <u>Year</u>	Proposed Rate Revision Aggregate <u>Rate</u>
2014	5.00

## Benefit Summary:

### **Benefits provided under these forms include:**

#### A-19000-12: Base Plan

Hospital Benefit: pays the daily and lifetime reserve day co-payments, and 100% of hospital expenses, as they would have been determined by Medicare, incurred after Medicare benefits are exhausted.

Blood Transfusion Benefit: pays for up to three pints of blood.

Skilled Nursing Benefit: pays the daily benefit from the 21st day through the 100th day of confinement in a Skilled Nursing Facility, in a benefit period.

Skilled Nursing Benefit: pays the increased Skilled Nursing benefit from the 101st to the 365th day of confinement.

Part B Benefit: pays the coinsurance amounts of Medicare eligible Part B expenses after the Medicare Calendar year deductible.

Accidental Death Benefit: pays an accidental death benefit of \$1,000 increased by \$1,000 at each annual renewal date.

#### A-19050-DC: Rider

Part A Benefit: pays initial deductible amount once each benefit period.

#### A-19051-DC: Rider

Excess Charge Benefit: pays the nonassigned eligible expense portion which is up to 80% over the amount set as allowable by Medicare.

#### A-19052-DC: Rider

Cash Supplement Benefit: pays 50% of the coinsurance amount of Medicare eligible Part B expenses after the Medicare Calendar year deductible.

Private Nursing Benefit: pays up to \$50 per day for private nursing while confined to a hospital.

Foreign Travel Benefit: pays \$200 per day for hospital confinement outside the U. S. and its territories, beginning with the 2nd day up to a maximum of 180 days.

#### A-19053-DC: Rider

Part B Deductible Benefit: pays for the approved charges incurred for the Medicare Part B Calendar year deductible.

**American Family Life Assurance Company of Columbus (Aflac)**  
**Pre-Standardized Medicare Supplement Insurance**  
**2014 Monthly Premium Rates**  
**Inforce Policies Issued Prior to 11/06/1991**

**Washington D.C.**

		Issue Age Band				
<u>Form</u>		<u>65</u>	<u>66-70</u>	<u>71-75</u>	<u>76-80</u>	<u>81+</u>
A-19000-12	Current	127.65	135.60	143.55	167.65	179.55
A-19000-12	Revised	134.05	142.40	150.75	176.05	188.55
A-19050-DC	Current	52.70	60.55	72.00	83.25	89.45
A-19050-DC	Revised	55.35	63.60	75.60	87.40	93.90
A-19053-DC	Current	20.25	20.95	21.75	22.35	22.95
A-19053-DC	Revised	21.25	22.00	22.85	23.45	24.10

Quarterly = 3 X Monthly  
Semi-Annual = 6 X Monthly

Annual = 11 X Monthly



**Penny Way-Wells, FSA, MAAA**  
Senior Manager, Rerating

Direct Dial: 706/660-7738  
FAX: 706/660-7171

To: District of Columbia Department of Insurance

Subject: American Family Life Assurance Company of Columbus - Aflac  
Pre-Standardized Medicare Supplement Individual Coverage  
Forms Issued with a 60% Lifetime Loss Ratio Requirement  
Trade Secret Certification

Date: November 11, 2013

The loss ratio demonstrations and experience exhibits are being submitted as trade secret. The purpose of the documents included in this filing is to meet state filing requirements. These documents are not intended for any other purposes. American Family Life Assurance Company of Columbus, Aflac, certifies the following:

1. Aflac considers this information a trade secret that has value and provides an advantage, or an opportunity to obtain an advantage, over those who do not know or use it.
2. Aflac has taken measures to prevent the disclosure of the information to anyone other than those who have been selected to have access for limited purposes, and Aflac intends to continue such measures.
3. The information is not, and has not been, reasonably obtainable without the company's consent by other persons by use of legitimate means.
4. The information is not publicly available elsewhere.

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Penny T. Way-Wells, FSA, MAAA  
Senior Manager, Rerating

11/11/2013

---

Date



**American Family Life Assurance Company of Columbus (Aflac)**  
**Pre-Standardized Medicare Supplement Insurance**  
**60% Loss Ratio Requirement**  
**Loss Ratio Demonstration**  
**With Proposed Rate Increase**  
**Nationwide**

<b>Calendar Year</b>	<b>Earned Premium(000's)</b>	<b>Incurred Claims(000's)</b>	<b>Loss Ratio</b>
1986	200	52	26%
1987	4,162	1,256	30%
1988	12,599	4,760	38%
1989	28,775	11,937	41%
1990	47,539	24,315	51%
1991	58,039	29,820	51%
1992	55,607	29,591	53%
1993	47,148	26,749	57%
1994	40,841	25,722	63%
1995	35,648	23,959	67%
1996	32,062	23,472	73%
1997	30,310	22,777	75%
1998	28,490	21,808	77%
1999	27,089	20,487	76%
2000	26,208	18,371	70%
2001	24,234	16,990	70%
2002	22,473	15,450	69%
2003	20,946	14,435	69%
2004	18,825	14,147	75%
2005	16,602	13,027	78%
2006	14,512	11,544	80%
2007	13,947	10,416	75%
2008	12,781	9,308	73%
2009	11,127	7,944	71%
2010	9,722	7,167	74%
2011	8,339	6,157	74%
2012	7,076	5,128	72%
2013	6,079	4,482	74%
2014	5,110	3,794	74%
2015	4,224	3,161	75%
2016	3,444	2,601	76%
2017	2,742	2,083	76%
2018	2,162	1,644	76%
2019	1,659	1,261	76%
2020	1,239	940	76%
2021	892	676	76%
2022	603	454	75%
2023	380	285	75%
2024	198	148	74%
2025	76	54	72%
2026	3	4	141%
Accumulated Past Loss Ratio:		<u>893,116</u> 1,468,135	= 61 %
Anticipated Future Loss Ratio:		<u>18,418</u> 24,603	= 75 %
Anticipated Lifetime Loss Ratio:		<u>911,534</u> 1,492,738	= 61 %
Loss Ratio for 1996-and-later Experience:		<u>426,256</u> 579,471	= 74 %

**American Family Life Assurance Company of Columbus (Aflac)**  
**Pre-Standardized Medicare Supplement Insurance**  
**60% Loss Ratio Requirement Forms**  
**Experience through 06/30/2013**  
**Incurred Claims are based on actual claim runoffs through 09/30/2013**

**Washington D.C.**

Calendar <u>Year</u>	Earned <u>Premium</u>	Incurred <u>Claims</u>	Loss <u>Ratio</u>
1986	0	0	0.0%
1987	156	0	0.0%
1988	112	0	0.0%
1989	0	0	0.0%
1990	0	0	0.0%
1991	18,802	9,430	50.2%
1992	23,878	6,167	25.8%
1993	22,772	16,123	70.8%
1994	19,928	11,255	56.5%
1995	16,732	11,042	66.0%
1996	15,083	13,259	87.9%
1997	13,071	10,260	78.5%
1998	10,512	11,800	112.3%
1999	11,415	43,055	377.2%
2000	12,900	6,012	46.6%
2001	13,695	14,930	109.0%
2002	12,944	3,782	29.2%
2003	12,613	7,294	57.8%
2004	11,502	24,867	216.2%
2005	10,223	9,500	92.9%
2006	7,306	5,851	80.1%
2007	6,970	4,077	58.5%
2008	1,798	1,126	62.6%
2009	3,660	4,505	123.1%
2010	3,737	4,409	118.0%
2011	4,023	1,343	33.4%
2012	3,813	580	15.2%
2013	2,158	1,409	65.3%
Total	259,803	222,075	85.5%

**American Family Life Assurance Company of Columbus (Aflac)**  
**Pre-Standardized Medicare Supplement Insurance**  
**60% Loss Ratio Requirement Forms**  
**Nationwide Experience through 06/30/2013**  
**Incurred Claims are based on actual claim runoffs through 09/30/2013**

Calendar <u>Year</u>	Earned <u>Premium</u>	Incurred <u>Claims</u>	Loss <u>Ratio</u>
1986	199,620	51,608	25.9%
1987	4,162,173	1,256,059	30.2%
1988	12,598,599	4,760,348	37.8%
1989	28,775,220	11,937,052	41.5%
1990	47,539,145	24,315,021	51.1%
1991	58,039,267	29,820,603	51.4%
1992	55,607,296	29,591,427	53.2%
1993	47,148,358	26,748,941	56.7%
1994	40,840,620	25,721,629	63.0%
1995	35,648,049	23,958,961	67.2%
1996	32,062,354	23,471,979	73.2%
1997	30,310,058	22,777,076	75.1%
1998	28,489,607	21,807,724	76.5%
1999	27,089,202	20,487,287	75.6%
2000	26,208,497	18,371,069	70.1%
2001	24,233,689	16,990,211	70.1%
2002	22,473,482	15,450,456	68.7%
2003	20,946,283	14,435,168	68.9%
2004	18,825,366	14,146,634	75.1%
2005	16,602,185	13,026,529	78.5%
2006	14,512,417	11,544,417	79.5%
2007	13,947,488	10,415,858	74.7%
2008	12,781,314	9,307,942	72.8%
2009	11,126,901	7,944,730	71.4%
2010	9,722,301	7,167,027	73.7%
2011	8,339,225	6,156,602	73.8%
2012	7,075,779	5,128,052	72.5%
2013	3,127,246	2,250,690	72.0%
Total	658,431,741	419,041,102	63.6%